

Congress of the United States

Washington, DC 20515

January 27, 2021

Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue N.W.
Washington, D.C. 20220

Dear Secretary Yellen:

Congratulations on your swift confirmation by the Senate. To help American families and businesses weather the brutal hardships imposed by the continuing pandemic, it is essential for Treasury and Congress to work hand-in-hand. Only close collaboration can deliver needed support for our States and citizens so we can “Build Back Better.” To commence that work, we write you today to urge you to support the immediate repeal of the State and Local Tax (SALT) Deduction cap put in place by the disastrous 2017 partisan tax hike bill.

As you know, the SALT deduction has historically strengthened state and local government functions, including public health programs, safety nets for low-income residents, and emergency response services. During your confirmation hearing before the Senate Finance Committee on January 19, 2021, you rightly acknowledged the burden on the shoulders of our states and the need to help to keep essential frontline public workers on the job.¹

Unfortunately, according to the December 2020 Bureau of Labor Statistics Employment Situation Report, government employment overall is down by 1.3 million jobs since February 2020 when the pandemic exploded.² The data shows that these layoffs are unfortunately concentrated most among those who educate our children, protect our cities and towns, and keep our communities clean. While New Jersey has done herculean work to prevent job losses in these critical services, our state has borne the brunt of the pandemic by cutting the government workforce by 4.8% from November 2019 to November 2020.³ These workers serve essential roles, and their job losses are further holding back our recovery.

Consequently, removing the SALT cap would be a textbook method to provide relief to communities ravaged by the pandemic. According to a recent report released by the Rockefeller Institute of Government, New Jersey ranks among the lowest states for balance of payments in federal dollars – that is, money sent to the Treasury General Fund versus money received.⁴ Overall, many of the states experiencing a similar imbalance have also been among the hardest hit by the pandemic, including New Jersey, New York, Massachusetts, and California, putting a titanic strain on local public health resources.

¹ [https://www.finance.senate.gov/imo/media/doc/JLY%20opening%20testimony%20%20\(1\).pdf](https://www.finance.senate.gov/imo/media/doc/JLY%20opening%20testimony%20%20(1).pdf)

² <https://www.bls.gov/news.release/pdf/empst.pdf>

³ <https://www.bls.gov/eag/eag.nj.htm>

⁴ <https://rockinst.org/wp-content/uploads/2021/01/2021-Balance-of-Payments-Report-web.pdf>

Removing the SALT cap has broad regional and political support, and provisions to do so have already passed the House three times, including as part of two previous relief packages: H.R.6800, the Heroes Act, which passed the chamber with bipartisan support on May 15, 2020, and H.R. 8406, the updated version of the Heroes Act, which passed the House on October 1, 2020.

In the face of cataclysmic health and economic challenges, the American people need urgent and meaningful assistance. Relief from the unfair and destructive SALT cap offers the precise breed of action our constituents, states, and localities will benefit from immediately. We ask for your support and advocacy to include our request in the next COVID-19 relief package.

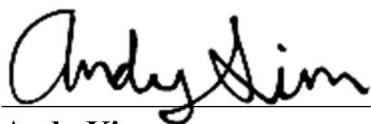
Sincerely,



Josh Gottheimer
MEMBER OF CONGRESS



Bill Pascrell, Jr.
MEMBER OF CONGRESS



Andy Kim
MEMBER OF CONGRESS



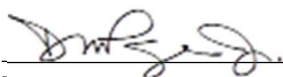
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Donald Norcross
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Frank Pallone, Jr.
MEMBER OF CONGRESS



Donald M. Payne, Jr.
MEMBER OF CONGRESS



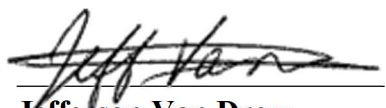
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